

Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 ACDA-12 CIAE-00 INR-10 IO-13
L-03 NSAE-00 NSC-05 EB-08 NRC-05 SOE-02 DODE-00
SS-15 SP-02 CEQ-01 PM-05 XMB-02 /103 W
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R 201710Z JUN 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 3690
USDEPT OF ENERGY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN POUCH
AMCONSUL NAPLES
AMCONSUL PALERMO
AMEMBASSY PARIS
AMCONSUL TRIESTE POUCH
AMCONSUL TURIN POUCH

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USEEC

DOE FOR BORRE' VANDERRYIN

E.O. 11652 N/A
TAGS: EGEN TECH IT
SUBJECT: DEPUTY SECRETARY O'LEARY'S VISIT TO ITALY, JUNE 14-16

REF: STATE 151058

1. SUMMARY: IN DISCUSSIONS WITH MINISTER OF INDUSTRY DONAT-CATTIN, HIS DIRECTOR GENERAL FOR ENERGY SOURCES AMMASSARI AND MINISTER OF FOREIGN AFFAIRS UNDER SECRETARY RADI, AS WELL AS IN LIMITED OFFICIAL USE

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HIS PUBLIC SPEECH AT THE GENOA SOLAR ENERGY FAIR, DEPUTY SECRETARY O'LEARY MADE IT CLEAR THAT THE U.S. WAS PREPARED TO MOVE FORWARD IN ENERGY COOPERATION WITH ITALY, EMPHASIZING SOLAR TECHNOLOGY. THIS WILLINGNESS ON THE PART OF THE USG WAS RECEIVED WITH PLEASURE BY THE ITALIANS, ALTHOUGH THEY REMAIN DISAPPOINTED IN THE U.S. POSTURE ON NUCLEAR ASSISTANCE FOR ITALY. THERE WAS AGREEMENT ON BOTH SIDES TO PREAPRE FOR A DONAT-CATTIN

VISIT TO THE U.S. IN LATE SEPTEMBER BY FURTHER DEFINING SPECIFIC SOLAR (OR OTHER) COOPERATIVE PROJECTS ALONG THE LINES SUGGESTED BY MR. O'LEARY. FOR THIS PURPOSE, AMMASSARI AND MFA ENERGY COORDINATOR RAMMASSO VALACCA EXPRESSED THEIR WILLINGNESS TO MEET WITH U.S. COUNTERPARTS BEFORE THE DONAT-CATTIN VISIT. END SUMMARY.

2. O'LEARY'S PUBLIC SPEECH AT THE GENOA SOLAR ENERGY FAIR WAS WARMLY RECEIVED. THERE FOLLOWED A PRIVATE DISCUSSION BETWEEN DONAT-CATTIN AND O'LEARY. O'LEARY INVITED DONAT-CATTIN TO VISIT THE U.S. AND PROMISED A FORMAL LETTER OF INVITATION. DONAT-CATTIN MADE IT CLEAR THAT HE WOULD LIKE TO COME IN LATE SEPTEMBER AND THAT HE WOULD HOPE TO BE ABLE TO DISCUSS CONCRETE COOPERATIVE PROJECTS AT THAT TIME.

3. ON NUCLEAR ISSUES, DONAT-CATTIN EMPHASIZED ITALY'S NATURAL URANIUM SUPPLY PROBLEM. O'LEARY REPLIED BY INDICATING THAT THE U.S. IS CONFIDENT ABOUT COMMERCIAL URANIUM SUPPLIES IN NORMAL TIMES AND WOULD EXPECT ITALY TO BE ABLE TO OBTAIN NATURAL URANIUM ON THE WORLD MARKET. O'LEARY ALSO INDICATED THAT HE BELIEVES NATURAL URANIUM SHOULD NOT PROVE TO BE A CRITICAL BOTTLENECK TO EXPECT MUCH REDUCTION IN THE UNCERTAINTY CONCERNING NATURAL URANIUM SUPPLIES.

4. IN BOTH THE DISCUSSION WITH DONAT-CATTIN AND LATER WITH AMMASSARI, THE ITALIANS MADE IT CLEAR THAT THEY HAD LEARNED FROM LIMITED OFFICIAL USE

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THE FRENCH OF OUR RECENT APPROACH ON LMFBR COOPERATION AND THAT, CONTRARY TO PREVIOUS INDICATIONS FROM ENEL, ITALY WOULD COOPERATE ON LMFBR WITH THE U.S. ONLY AFTER CONSULTATIONS WITH ITS PARTNERS. AMMASSARI LATER INDICATED THAT BILATERAL COOPERATION INVOLVING PEC FUEL-ELEMENT TESTING FACILITY BEING BUILT BY CNEN (NATIONAL ATOMIC ENERGY AGENCY) WOULD BE EASIER TO ARRANGE (THIS IS PRECISELY THE OPPOSITE OF EARLIER INDICATION FROM CNEN). COMMENT: DOE OFFICIALS, INCLUDING JOHN YEVICK, HAVE RECENTLY VISITED PEC AND FOUND THE PROJECT FAR BEHIND SCHEDULE AND OF RELATIVELY LITTLE TECHNICAL INTEREST TO THE U.S. END COMMENT.

5. IN A SEPARATE DISCUSSION ON JUNE 15 WITH AMMASSARI AND RAMASSO VALACCA THE FOLLOWING POINTS WERE RAISED: URANIUM SUPPLY; COOPERATION ON REPROCESSING AND WASTE CONDITIONING; FINANCING FOR THE ITALIAN NUCLEAR PROGRAM; AND NON-NUCLEAR RESEARCH AND DEVELOPMENT COOPERATION. IN DISCUSSING URANIUM SUPPLY, AMMASSARI TO SOME EXTENT REHASHED ITALIAN CONCERNS, BUT TWO CLEAR MESSAGES EMERGED: ALTHOUGH THE REAL PROBLEM IN ITALY IS ASSURED NATURAL URANIUM SUPPLY TO FULFILL ENRICHMENT CONTRACTS, ITALY MIGHT BE INTERESTED IN DISCUSSING WITH THE U.S. ARRANGEMENTS FOR EMERGENCY ENRICHED URANIUM SUPPLIES; THE ITALIANS WOULD LIKE TO HAVE SOME EXCHANGE ON TECHNOLOGIES FOR

URANIUM EXPLORATION, WHICH THEY BELIEVE MAY HAVE BEEN CONSIDER-
ABLY IMPROVED BY NURE. ON THE SUBJECTS OF ENRICHED URANIUM
SUPPLIES ON AN EMERGENCY BASIS AND ON URANIUM EXPLORATION TECHNO-
LOGIES. MR. O'LEARY INDICATED THAT MORE DISCUSSION MIGHT PROVE
FRUITFUL. MR O'LEARY ALSO INDICATED THAT THE USG WOULD BE
PREPARED TO DISCUSS THE POSSIBILITY OF PERMITTING ITALY TO DRAW
IN AN EMERGENCY ON THE U.S. STOCKPILE OF ENRICHED URANIUM (BY
MEANS OF SUITABLE COMMERCIAL ARRANGEMENTS).

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FM AMEMBASSY ROME
TO SECSTATE WASHDC 3691
US DEPT OF ENERGY WASHDC
INFO AMEMBASSY BONN
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6. AMMASSARI ALSO RAISED THE ISSUE OF U.S. ASSISTANCE IN
ITALY'S EFFORTS TO OBTAIN REPROCESSING TECHNOLOGIES. O'LEARY
INDICATED A GENERAL WILLINGNESS TO DISCUSS THE POSSIBILITY OF
TECHNICAL EXCHANGES ON REPROCESSING WHILE NOT HOLDING OUT MUCH
HOPE OF CONCRETE RESULTS. COMMENT: THE MISSION BELIEVES THAT
THE PRESENT NON-PROLIFERATION POLICY WILL NOT RPT NOT PERMIT ANY
SIGNIFICANT TECHNICAL COOPERATION ON REPROCESSING. IF THIS IS
THE CASE, WE WOULD RECOMMEND CAUTION AGAINST EXTENSIVE CONTINUING
DISCUSSIONS IN THIS ARE, AS THIS MERELY INVITES ANOTHER CYCLE OF
DISAPPOINTED EXPECTATIONS. ACTION REQUESTED: PLEASE INFORM ASAP

HOW WE SHOULD HANDLE THIS SOMEWHAT SENSITIVE ISSUE. END COMMENT.

7. ON FINNCING, AMMASSARO MADE IT CLEAR THAT HE WOULD LIKE TO LIMITED OFFICIAL USE

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SEE THE EX-IM BANK LEAD A CONSORTIUM OF PRIVATE BANKS ON FINACNING THE ITALIAN NUCLEAR PROGRAM. AT THE SAME TIME, HOWEVER, HE MINI-MIZED THE NEED FOR ASSISTANTCE BY POINTING OUTTHAT NELE HAS RECENTLY RAISED MONEY ON THE LONDON MARKET WITHOUT DIFFICULTY.

8. IN A DISCUSSION OF NON-NUCLEAR COPPERATION, O'LEARY INDICATED HIS STRONG CONFIDENCE THAT WE COULD DO MORE THAN IN THE PAST AND TOLD AMMASSARI THAT BETWEEN 1 TO 2 MILLION DOLLARS HAVE BEEN SET ASIDE IN FY 79 FOR SOLAR COOPERATION WITH ITALY. THIS NEWS WAS RECEIVED WITH OBVIOUS PLEASURE BY THE ITALIANS. AMMASSARI, IN REPLY, STATED THAT ITALY HAD AGREED TO JOIN THE IEA IN EXCHANGE FOR THE FORMATION OF THE BILATERAL WORKING GROUP, WHOLE PURPOSE WAS IN HIS VIEW TO PRODUCE CONCRETE RESULTS FOR ITALY. HE SEEMED TO ACCEPT THE NOTION THAT THE PURPOSE OF THE GROUP HAD CHANGED TO STRENGTHENING COOPERATION RAHTER THAN A ONE-WAY FLOW FORM THE U.S. TO ITALY.

9. O'LEARY CONCLUDED THIS KEY MEETING BY SUGGESTING THERE SHOULD BE A JOINTLY AGREED MINUTE OF THE MEETING; HE THEN SUMMARIZED BY NOTING THE FOLLOWING POINTS FORFURTHER DISCUSSION: 1) MORE TECHNICAL COOPERATION ON URANIUM EXPLORATION AND IN PARTICULAR THE VISIT OF AN ITALIAN SPECIALIST GROUP TO U.S; 2) AN EXAMINATION ON A ONE-SHOT BASIS OF WHETHER THERE ARE USEFUL AREAS FOR A TECHNICAL EXCHANGE ON REPROCESSING; 3) FURTHER ELABORATION OF MUTUALLY BENEFICIAL (BROAD INTERPRETATION) SOLAR COOPERATION; TECHNOLOGIES. O'LEARY ALSO EXPRESSED HIS APPRECIATION FOR THE CLARIFICATION ON THE BREEDER ISSUE AND INDICATED THAT THE U.S. WILL CONTINUE DISCUSSIONS WITH FRANCE.

10. IN A BRIEF BUT WIDE-RANGING DISCUSSION WITH UNDER-SECRETARY RADI ON JUNE 16, IT WAS CLEAR THAT THE ITALIANS WERE ANXIOUS TO PURSUE TO SOLAR COOPERATION THAT O'LEARY HAD OFFERED AND N GENERAL TO PLACE THE WORK OF THE BILATERAL WORKING GROUP ON A LIMITED OFFICIAL USE

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MORE AMICABLE AND PRODUCTIVE BASIS. O'LEARY REITERATED AMERICAN SUPPORT FOR NUCLEAR POWER AS A VIABLE ENERGY OPTION AS WELL AS OUR INTEREST, SHORT OF COMMERCIALIZATION, IN PURSUING BREEDER RESEARCH AND DEVELOPMENT.GARDNER

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